

Message Text

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PAGE 01 LIMA 08033 041820Z

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1669

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SUBJECT: REVISIONS TO FY 1977 EVENT SCHEDULE

REF: A) STATE 188559; B) LIMA 10360

1. LIMA VERY PLEASED WITH REVISIONS TO FY 1977 EVENT SCHEDULE PROVIDED REFTEL A. IN VIEW OF SIGNIFICANT POLITICAL AND ECONOMIC CHANGES WHICH HAVE BEEN TAKING PLACE IN PERU SINCE JULY 16, 1976 (SEE LIMA 6773 ET AL)

IT IS NOW MORE VITAL THAN EVER THAT USG EVIDENCE RENEWED INTEREST IN PERU AS A MARKET THROUGH SPECIFIC CONCRETE ACTIONS. PRIVATE ENTERPRISE HAS BEEN HEARTENED WITH TURN AWAY FROM THE EXTREME LEFT POLICIES OF THE FORMER VELASCO REGIME WHICH OFTEN FAVORED COMMUNIST BLOC COUNTRIES OVER U.S. IN DETERMINING OVERSEAS PURCHASES MORE ON IDEOLOGICAL CONSIDERATIONS THAN ECONOMIC. LOCAL BUSINESS COMMUNITY HAS TRADITIONALLY HELD CLOSE TIES TO U.S. AND WAS TROUBLED BY GOP POLICIES BUT UNABLE TO TAKE OVERT ACTION TO PREVENT THEM. THERE WAS GENERAL FEELING, WHICH MAY OR MAY NOT HAVE BEEN JUSTIFIED, THAT U.S. WAS TURNING ITS BACK ON PERU IN REACTION TO VELASCO ATTITUDES. THE SCHEDULING OF U.S. TRADE MISSIONS TO PERU IN FY 1977, ASIDE FROM STRICTLY COMMERCIAL ADVANTAGES, WILL HAVE IMMENSE PSYCHOLOGICAL IMPACT AND HELP CREATE ATMOSPHERE IN WHICH U.S. BUSINESS IN GENERAL WILL BENEFIT.

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PAGE 02 LIMA 08033 041820Z

2. MINING, BUILDING AND CONSTRUCTION TRADE MISSION IN JULY 1977

IS A MUST. MINING IS KEY SECTOR OF PERUVIAN ECONOMY AND PRIME EXPORT EARNER. PLANS UNDER WAY FOR MAJOR EXPANSION AND NEW MINES, PARTICULARLY IN COPPER, IN SUCH LOCATIONS AS CUAJONE, CERRO VERDE, MICHICUILLAY, ETC. PLANS FOR NEW ZINC REFINERY AT CAJAMARQUILLA AND COPPER REFINERY AT ILO HAVE BEEN APPROVED.

BUILDING

AND CONSTRUCTION INDUSTRY ALSO PLAYS MAJOR ROLE IN PERUVIAN ECONOMY AT PRESENT TIME--GOP CONSIDERS THIS PRIORITY AREA AND HAS RECENTLY FACILITATED PROCEDURES FOR APPROVAL OF NEW BUILDING PROJECTS.

3. VISIT BY PETROCHEMICAL TRADE MISSION IN AUGUST 1977 SHOULD ALSO PROVE HIGHLY PRODUCTIVE. GOP PLANNING MASSIVE DEVELOPMENT THIS INDUSTRY, MAINLY AT BAYOVAR, TERMINAL OF TRANS-ANDEAN PIPELINE. ALL PETROCHEMICAL EXPANSION WILL BE BY PUBLIC SECTOR. THEREFORE, USDOC MIGHT CONSIDER EXPANDING THIS TRADE MISSION TO INCLUDE CHEMICAL AS WELL AS PETROCHEMICAL INDUSTRY SO AS TO ALSO BE OF INTEREST TO PRIVATE SECTOR. SHOULD TRADE MISSION BE LIMITED TO PETROCHEMICALS ONE FULL WORKING DAY IN LIMA WOULD BE ADEQUATE FOR ALL APPROPRIATE CALLS.

4. WE ARE SORRY TO LEARN OF DECISION TO CANCEL METALWORKING TRADE MISSION FOR MAY 1977 ESPECIALLY IN LIGHT OF SUCCESS OF METALWORKING AND MACHINE TOOL CATALOG EXHIBITION IN MAY 1976 (SEE LIMA -108). SHOULD THE ANCOM SECRETARIAT STAGE AN INDUSTRY-ORGANIZED TECHNICAL SEMINAR IN LIMA DURING FIRST HALF OF 1977 WITH PARTICIPATION NMTB, THE US ASSOCIATION CAN COUNT ON EMBASSY SUPPORT TO THE EXTENT DESIRED. WE WOULD STRONGLY SECOND SUGGESTION TO RESCHEDULE THIS EVENT AS AN IOGA OR SPECIALIZED TRADE MISSION IN THE EVENT ANCOM SECRETARIAT DOES NOT HOLD SEMINAR.

5. SHOULD IT PROVE IMPOSSIBLE TO PROMOTE METALWORKING EQUIPMENT IN FIRST HALF 1977, EMBASSY WOULD WELCOME VISIT BY PLASTICS PRODUCTION EQUIPMENT TRADE MISSION IN MAY. EVEN IF COLOMBIA ADDED, WE WOULD STILL SUPPORT INCLUSION OF PERU ON ITINERARY. PLASTICS INDUSTRY HERE IS LARGE AND GROWING AND MAINLY IN HANDS OF PRIVATE SECTOR. PLASTICS WAS LISTED AS TARGET INDUSTRY IN 1973.

6. MARKET RESEARCH ON A) METALWORKING MACHINERY AND EQUIPMENT, LIMITED OFFICIAL USE

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PAGE 03 LIMA 08033 041820Z

B) CHEMICAL AND PETROCHEMICAL INDUSTRY, AND C) EARTHMOVING AND MINING EQUIPMENT AND MACHINERY WAS SUBMITTED IN DECEMBER 1973. POST IS CURRENTLY UPDATING RESEARCH IN THESE SECTORS AND STUDIES WILL BE POUCHED TO USDOC IN SEPTEMBER. STUDY ON CHEMICAL INDUSTRY WILL INCLUDE SECTION ON PLASTICS. WE WILL INITIATE RESEARCH ON BUILDING AND CONSTRUCTION AND SUBMIT STUDY PRIOR TO JANUARY 1977.

7. IN ADDITION TO ABOVE, EMBASSY WOULD LIKE TO SUGGEST AGRICULTURAL

MACHINERY AND EQUIPMENT CATALOG SHOW IN FY 1977. TWO RECENT CATALOG SHOWS, METALWORKING AND MACHINE TOOL CATALOG EXHIBITION IN MAY 1976 AND BUILDING AND CONSTRUCTION EQUIPMENT AND MATERIALS CATALOG EXHIBIT IN JUNE 1976 WERE VERY SUCCESSFUL AND SURPASSED EXPECTATIONS IN ALL ASPECTS. IMPROVEMENT IN AGRICULTURAL PRODUCTION WILL BE MAJOR GOP GOAL IN COMING YEAR WITH RESULTING OPPORTUNITIES FOR SALE OF U.S. MACHINERY AND EQUIPMENT. EMBASSY MARKET RESEARCH THIS SECTOR WILL BE SUBMITTED IN SEPTEMBER. MOREOVER, EMBASSY BELIEVES IT ESSENTIAL THAT USG PARTICIPATE IN TENTH INTERNATIONAL PACIFIC TRADE FAIR SCHEDULED FOR NOVEMBER 1977 FOR REASONS SET FORTH PARA 1. WE LOOK TO USDOC FOR FULL SUPPORT IN MAKING THE U.S. EXHIBITION A SUCCESS. THE QUESTION OF AN AGRICULTURAL MACHINERY CATALOG SHOW AND PARTICIPATION IN THE PACIFIC FAIR WILL BE DEALT WITH MORE EXTENSIVELY IN SEPTELS.

8. EMBASSY REALIZES THAT VOLUME OF ACTIVITY IN FY 1977 WILL SEVERELY TAX CAPABILITY OF LIMITED PERSONNEL IN COMMERCIAL SECTION. THE USE OF OVERTIME AND CONTRACT EMPLOYEES MAY BE REQUIRED IN PREPARING FOR EACH EVENT. HOWEVER, CONSIDERING THE IMPORTANCE OF THE PERUVIAN MARKET FOR THE U.S. (FOURTH LARGEST IMPORTER OF U.S. GOODS IN LATIN AMERICA; U.S. ENJOYED MORE THAN 40 PERCENT SHARE OF THE IMPORT MARKET IN 1975), AND PERHAPS EVEN MORE IMPORTANT THE BENEFITS TO BE GAINED IN THE FUTURE BY SHOWING INTEREST IN PERU NOW AND WHEN THE COUNTRY IS EXPERIENCING ECONOMIC DIFFICULTY AND TRYING TO REDUCE ITS TIES TO THE COMMUNIST BLOC, WE FEEL THE EFFORT IS MORE THAN JUSTIFIED AND MUST BE UNDERTAKEN.

SMITH

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